

PROJECT PROFILE

ON

CHICLETS

Month & Year

Aug 2010

**PREPARED BY
TANSTIA-FNF SERVICE CENTRE
B-22, INDUSTRIAL ESTATE
CHENNAI-600032**

Supported by

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STIFTUNG **FÜR DIE FREIHEIT**

CHICLETS

1. Introduction

Chiclets are small tablets of chewing gum. It is a favourite pastime chewee among children and youth. Children like the product because of its minty or fruity flavour which rolls constantly in the tongue. The youth prefer it as it is habit forming and as well as a mouth freshner. Moreover, the manufacturers of these products provide incentives for sale of this product by providing stickers or labels pertaining to sports, film personalities and events or general awareness which tempts the children to purchase the product.

2. Market

The major market outlets are the “ B” and “C” class outlets. The product also finds placement in self service counters, departmental stores, fancy stores and shops stocking confectionery products. The market is oriented towards children and youth who buy the product as a pastime fun chewee. The market though highly competitive is good and depends upon the manufacturer’s promotional strategies to reach the product to the target clients.

3. Packaging

The processed product is packed in laminated paper board cartons. Each box of chiclets has a net weight of 10 grams.

4. Production capacity

- The plant will be in operation for three shifts a day with each shift of 8 hours duration.
- The plant operates to a production capacity of 25 kilograms per hour.
- The estimated production per day is 600 kilograms.
- The total production per month will be 15 M.T while the annual production is estimated at 180 M.T
- The time period required for achieving full capacity utilization is one year.

5. **Sales revenue**

- The ex-factory selling price will be Rs. 2.00 per box of 10 grams. The MRP per box shall be Rs. 3.00. A carton of 100 boxes will weigh one kilogram (net weight) and will cost Rs. 200 inclusive of taxes. The estimated annual sales revenue will be Rs. 360 lakhs.

6. **Production process outline.**

Sugar is ground very fine in the grinder. It is then mixed with the required quantities of edible gum, starches, emulsifiers, and peppermint flavour in the desired proportions, and made into a dough in the kneading machine. The dough is drawn into sheets and a roller cuts it into bits of desired size. These chiclets are fed into the coating pan. Separately, some amount of sugar is dissolved in water and a thick syrup is made in the kettle. This sugar syrup is coated over the chiclets. Hot air is blown when the chiclet dries and is polished. They are then placed in small paper board cartons and further in large boxes before being strapped and dispatched.

7. **Quality specifications**

Sl	Description	Value
1	Edible gums	Minimum 14.5% by weight
2	Moisture	Maximum 3.5% by weight
3	Sulphated ash	Maximum 11.5% by weight
4	Acid insoluble ash	Maximum 3.5% by weight
5	Reducing sugars as dextrose	Minimum 5.5% by weight
6	Sucrose	Minimum 60% by weight
7	Total plate count	30,000 per gram – maximum
8	Coliforms	Absent
9	Streptococci	Absent
10	Salmonella	Absent

8. **Pollution control measures**

Not necessary as there are no pollutants or effluents.

9. **Energy conservation measures**

Common measures will do.

10. Land and construction cost for the proposed unit

The proposed unit is to be set up in a leased area. The total leased area is 3000 square feet vide details given below.

SI	Description	Sq. feet
1	Processing area	1600
2	Raw material store for sugar	100
3	Raw material store – other ingredients	100
4	Finished goods store room	200
5	Packaging material storage room	100
6	Laboratory	200
7	Office room	200
8	Machinery spares room	200
9	Toilet space	200
10	Miscellaneous space	100
11	Total	3000

Lease rent – Rs. 8.00 per square foot

Total rent per month – Rs. 24000

Lease advance – Rs. 100000

11. Costing of machinery and equipment

SI	Description	Rs. lakhs
1	Sugar grinder	0.200
2	Stainless steel sigma mixer	0.850
3	Sheeter and roller cutter	1.400
4	Sugar syrup kettle	0.500
5	Coating and polishing machine 4 nos	3.600
6	Packing machine	3.500
7	Total	10.050
8	Laboratory equipment	0.500
9	Grand total machinery and equipment	10.550

12. Project cost

SI	Description	Rs. lakhs
1	Land	On lease
2	Civil works	On lease
3	Plant machinery	10.050
4	Laboratory equipment	0.500
5	Transport vehicle (Tata Ace)	3.760
6	Pollution control equipment	0.000
7	Energy conservation equipment	0.000
8	Cost of power connection	0.500
9	Cost of electrification	0.500
10	Erection and commissioning	0.900
11	Cost of machinery spares	0.250
12	Cost of office equipment	1.000
13	Deposits if any	0.600
14	Company formation expenses	0.100
15	Gestation period expenses	1.000
16	Sales tax registration expenses	0.100
17	Initial advertisement and publicity	10.000
18	Contingencies	0.500
19	Working capital margin money	10.488
20	Total	40.248

13. Working capital requirements per month

a. Salaries and wages

SI	Description	No of persons	Total salary / month (Rs. lakhs)
1	Production Manager	1	0.400
2	Production supervisor cum chemist	3	0.600
3	Skilled workers	6	0.480
4	Unskilled workers	6	0.360
5	Administrative staff	1	0.250
6	Sales coordinator	1	0.150
7	Van driver	1	0.080
8	Total	19	2.320

b. Raw material requirement per month

SI	Description	Qty (kgs)	Rate / kg (Rs)	Value (Rs. lakhs)
1	Sugar	6000	27.00	1.620
2	Edible gums	750	150.00	1.125
3	Edible starches	8000	22.00	1.760
4	Fat	150	60.00	0.090
5	Flavours and colours	30	150.00	0.045
6	Emulsifiers	150	50.00	0.075
7	Total raw material	15080		4.715

c. Packaging material requirement per month

SI	Description	Qty	Rate / unit (Rs)	Value (Rs. lakhs)
1	Primary packaging material – laminated metallized film	2000 kgs	250.00	5.000
2	Primary cartons			5.000
2	Cartons and straps	1500 nos	40	0.600
3	Total			10.600

Total raw + packaging material = Rs. 15.315 lakhs

d. Utilities per month

SI	Description	Rs. lakhs
1	Power 20000 kwh @ Rs. 5.50 per unit	1.100
2	Water	0.050
3	Boiler fuel	0.000
4	Total utilities	1.150

e. Contingent expenses per month

SI	Description	Rs. lakhs
1	Rent for processing shed	0.240
2	Postage and stationery	0.010
3	Telephones, fax etc.	0.050
4	Consumable stores	0.020
5	Repairs and maintenance	0.095
6	Local transports, loading and unloading	0.100
7	Advertisement and publicity @ 15% of sales	4.500
8	Insurance	0.020
9	Sales expenses @ 1% of sales	0.300
10	Miscellaneous expenses @ 1% of sales	0.300
11	Trade incentives @ 2% of sales	0.600
12	Taxes @ 4%	1.200
13	Total contingent expenses	7.435

f. Total working capital requirement per month

SI	Description	Rs. lakhs
1	Salaries and wages	2.320
2	Raw material and packaging material	15.315
3	Utilities	1.150
4	Contingent expenses	7.435
5	Total	26.220

14. Means of finance

SI	Description	Rs. lakhs
1	Total Project Cost	40.248
2	Equity	13.282
3	Debt	26.966
4	Working capital margin money	10.488

15. Financial analysis

SI	Description	Rs. lakhs
1	Total recurring cost per year	314.640
2	Depreciation on land and building	0.000
3	Depreciation on machinery and vehicle	1.760
4	Depreciation on furnaces	0.000
5	Depreciation on moulds and fixtures	0.020
6	Depreciation on office equipment	0.100
7	Interest on long term loan @ 13.5%	3.640
8	Interest on short term borrowings@ 13.5%	2.124
9	Total cost of production	322.284

16. Turnover per year

SI	Item	Qty	Rate/unit (Rs)	Total Rs. lakhs
1	Chiclets	180,000 kgs	200	360

17. Viability analysis

SI	Description	Value
1	Net profit before income tax (Rs. lakhs)	37.716
2	Net profit ratio	10.5%
3	Internal rate of return	37.8%
4	Break even percentage	43%
5	Debt service coverage ratio	1.987

List of machinery suppliers for chiclets

1. Bombay Industrial Engineers, 13, Crystal Apartments, Gulmohar Cross Road, 11, JVPD, Mumbai. 400049.; Tel: 022 – 26232810, 26201914; Fax: 022 – 26201914
2. Labh Group of Companies, 403-405, Time Square, Near Pariseema Complex, Ahmedabad 380006, Tel: 079-26569261,26442897, 30070400
3. Paresh Engineering Company, 74 / B, Sanjay Building No. 5, Mittal Industrial Estate, M. VasANJI Road, Marol Naka, Andheri East, Mumbai. 400059. ; Tel: 022 - 28501794; Fax: 022 - 28509193